



## **DEPARTMENT OF AGRICULTURE**

### **Rural Utilities Service**

#### **South Mississippi Electric Cooperative: Plant Ratcliffe, Kemper County Integrated Gasification Combined-Cycle (IGCC) Project**

**AGENCY:** Rural Utilities Service, USDA.

**ACTION:** Notice of Availability of a Record of Decision.

**SUMMARY:** The Rural Utilities Service (RUS) has issued a Record of Decision (ROD) for the adoption of the Final Environmental Impact Statement (EIS) for the proposed participation of South Mississippi Electric Power Association (SMEPA) in Plant Ratcliffe, an Integrated Gasification Combined-Cycle Facility located in Kemper County, Mississippi (the Project). The Acting Administrator of RUS has signed the ROD, which is effective on the publication of this notice. The U.S. Department of Energy (DOE) prepared an Environmental Impact Statement (EIS) for the Project in cooperation with the U.S. Army Corps of Engineers (USACE). The purpose of the EIS was to evaluate the potential environmental impacts of the Project so that the DOE could assess potential cost-shared financing under the Clean Coal Power Initiative (CCPI) and issuance of a loan guarantee under the Energy Policy Act of 2005 (EPAct05), and the USACE could consider potential issuance of permits under Section 404 of the Clean Water Act.

The DOE/USACE Final EIS was issued in May 2010, and DOE issued their Record of Decision (ROD) in August 2010. RUS is considering providing a \$480 million loan guarantee to SMEPA that would provide for the acquisition of a 15% undivided ownership interest in the Project. RUS adopted the Final EIS pursuant to the National Environmental Policy Act of 1969 (NEPA) (U.S.C. 4231 et seq.), and in accordance with the Council on Environmental Quality's (CEQ) regulations for implementing the procedural provisions of NEPA (40 CFR Parts 1500–1508) and RUS's Environmental Policies and Procedures (7 CFR Part 1794). RUS determined that the actions covered by the DOE/USACE Final EIS and RUS's proposed action were substantially the same, given that no new infrastructure would be required for SMEPA's participation (40 CFR 1506.3(b)). RUS conducted an independent evaluation of the DOE/USACE Final EIS, the associated Mitigation Action Plan (MAP) and Record of Decision (ROD), determined the documentation met the standards of an adequate statement (40 CFR 1506.3(a)), and adopted the documentation (Subpart H, 7 CFR Part 1794).

**ADDRESSES:** To obtain copies of the ROD, or for further information, please contact Ms. Emily Orler, Environmental Protection Specialist, at USDA, Rural Utilities Service, 1400 Independence Avenue, SW., Stop 1571, Washington DC 20250-1571, (202) 720-1414, or [emily.orler@wdc.usda.gov](mailto:emily.orler@wdc.usda.gov). The ROD is available on the RUS website, <http://www.rurdev.usda.gov/UWP-eis4.htm>.

**SUPPLEMENTARY INFORMATION:**

SMEPA has requested financing from RUS to acquire a 15% undivided ownership interest in the Project. The Project was developed under DOE's Clean Coal Power Initiative (CCPI) by Mississippi Power Company (MPCo), and will demonstrate the feasibility of the Integrated Gasification Combined-Cycle (IGCC) technology for commercial operation. The Project has an expected net generation capacity of 573 MW, and has been designed to capture approximately 67% of the carbon dioxide (CO<sub>2</sub>) that enters the facility as fuel. MPCo, a private utility that provides approximately a third of SMEPA's load through a power purchase agreement (PPA) at cost-based wholesale rates, approached SMEPA in 2009 with the opportunity to participate in the Project. Due to the existing PPA with MPCo, SMEPA rates will be affected regardless of their participation in the Project. Participation in the Project will allow SMEPA to meet projected future power demand and will provide potential cost savings through the wholesale rate reductions.

RUS circulated a Notice of Adoption and the Executive Summary of the DOE/USACE Final EIS, in accordance with 40 CFR 1502.19, and made the document available on the RUS website (<http://www.rurdev.usda.gov/UWP-eis4.htm>). RUS published a Notice of Adoption in the *Federal Register* on June 20, 2012 (77 FR 36996), and the U.S. Environmental Protection Agency acknowledged its receipt of the DOE/USACE Final EIS and RUS's intent to adopt the document in the *Federal Register* on June 29, 2012 (77 FR 38801), which began the 30-day public review period. The comment period concluded on July 31, 2012; RUS received three (3) comments, which are responded to in the ROD.

In accordance with NEPA, the CEQ regulations for implementing the procedural provisions of NEPA, and RUS's Environmental Policies and Procedures, RUS has determined that the environmental impacts of the Project have been adequately addressed. While acknowledging that SMEPA lacks sufficient control and responsibility over the Project, RUS determined that financing SMEPA's participation in the Project would be subject to NEPA and conducted an independent evaluation of the DOE/USACE Final EIS and associated documents. RUS also reviewed the engineering studies submitted by SMEPA that further assessed the purpose and need and alternatives of SMEPA's involvement in the Project. RUS has determined that its independent evaluation and adoption of the DOE/USACE FEIS fulfills its obligations under the above cited statute and regulations for its action related to the Project. Final loan approval for the Project is dependent on the conclusion of the financial and engineering reviews. Additional detail regarding RUS's regulatory authority, the rationale for the decision, and compliance with applicable regulation are included in the ROD.

**APPROVAL:**

This Record of Decision is effective on signature.

Dated: September 19, 2012

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John Charles Padalino  
Acting Administrator  
Rural Utilities Service

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